

## **SCHIP Reauthorization 2009**

### Overview

- SCHIP, or KidsCare as it is known in Arizona, was created in 1998 for a ten year period, which was set to expire September 2008.
- Instead of a complete reauthorization of the program, Congress passed a temporary extension of SCHIP that expires April 1, 2009.
- Congress recently passed, and the President signed, a bill to reauthorize and expand the SCHIP program for four and a half years.
- The estimated \$32.8 billion cost will be funded through an increase in the federal cigarette tax of 62 cents per pack, up from 61 cents in previous versions.
- The increase is designed to assist states in covering 4.1 million previously uninsured children.

### Funding

- For FFY 2009 Congress increased funding from \$5.04 Billion to \$9.2 Billion or 82%.
- Under current law Arizona receives an allocation of \$149.1 million in FFY 2009. Under the proposed reauthorization the Arizona allotment would increase to \$171.2 million or 15% .
- AHCCCS is currently estimating that in State Fiscal Year 2009 the program will spend approximately \$112.1 million.
- The imposition of an additional Tobacco Tax at the federal level will also result in a decrease in State Tobacco Taxes. Currently AHCCCS has \$137.7 million in Tobacco Tax funds allocated to support the program.

### Key Elements of Reauthorization

- Provides financial incentives to states that enroll more uninsured children in SCHIP or Medicaid.
- Allows for coverage of pregnant women through the SCHIP program.
- Allows Arizona to continue coverage of parents enrolled in KidsCare at enhanced FMAP through 2011, but beginning FY2012 requires the state to meet certain benchmarks related to enrollment of children.
- Allows states to cover legal immigrant children and pregnant women under the five-year bar that were previously ineligible for SCHIP or Medicaid.

## KidsCare Fact Sheet

### Background:

In 1997, Congress passed the State Children's Health Insurance Program (SCHIP), known as KidsCare in Arizona, as an optional block grant program<sup>1</sup>. Shortly after, the Arizona Legislature enacted the KidsCare program. In 2003, KidsCare was extended to parents of children enrolled.

### Enrollment as of 2/1/09:

- Children: 59,500
- Parents: 9,200

### Premium Changes:

In response to budget reductions as part of the 2009 Legislative Special Session to address Arizona's significant budget shortfall, Arizona submitted a request to the Centers for Medicare and Medicaid Services to raise KidsCare premiums<sup>2</sup>. It is anticipated that the new premium levels will generate \$5.6 m annualized (\$1.3 m GF). Previously, monthly premiums were applied as follows<sup>3</sup>:

	100%-150% FPL		151%-175% FPL		176%-200% FPL	
<b>Parent<sup>4</sup> Premiums<sup>5</sup></b>	3% Net Household Income		4% Net Household Income		5% Net Household Income	
<b>Family of 4 Premium:</b>	\$53.01-\$79.50/ month		\$106.00-\$123.68/ month		\$154.60-\$176.70/ month	
<b>Children Only</b>	\$10	\$15 more than one child	\$20	\$30 more than one child	\$25	\$35 more than one child

\* Failure to pay premiums will result in losing coverage in the KidsCare program.

As of May 1, 2009 and upon CMS approval, monthly premiums will be assessed as follows:

	100%-150% FPL		151%-175% FPL		176%-200% FPL	
<b>Parent Premiums</b>	3% Net Household Income		5% Net Household Income		5% Net Household Income	
<b>Family of 4 Premium:</b>	\$53.01-\$79.50/ month		\$132.50-\$154.60/ month		\$154.60-\$176.70/ month	
<b>Children Only</b>	\$10	\$15 more than one child	\$40	\$60 more than one child	\$50	\$70 more than one child

\* Failure to pay premiums will result in losing coverage in the KidsCare program.

### Total KidsCare Program Budget:

The Programmatic Budget amounts below are based on proposed Premium increases described above:

- FY 2009: Total Funds = \$161,455,900  
(General Fund \$35,165,500; Federal Fund \$112,131,600; Premiums \$14,158,800)

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<sup>1</sup> KidsCare is not an entitlement program

<sup>2</sup> Premiums are based on a family's household size and monthly income before deductions

<sup>3</sup> American Indian members are not subject to premiums

<sup>4</sup> Parents are also subject to one-time enrollment fees ranging from \$15-25 depending on income

<sup>5</sup> Premium amounts include children in the household